

Message Text

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21 11

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 ISO-00 GSA-02 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 CEA-02

NSC-10 SS-20 STR-08 H-03 L-03 DODE-00 PM-07 /158 R

DRAFTED BY EB/ISM:JDMAIERS:RDM

APPROVED BY EB/ISM:MJDUX

AF/C:SHAMRICK

AF/E:JBURKE

ARA/BC/C:AISAACS

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R 161917Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

UNCLAS STATE 204862

E.O. 11652:N/A

TAGS:EMIN, CI, CG, ZA

SUBJECT:COPPER DISPOSAL SITUATION

REF: STATE 187993

1. GENERAL SERVICES ADMINISTRATION (GSA) IS NOT NOW AUTHORIZED TO SELL COPPER OR COPPER ALLOYS HELD IN STRATEGIC STOCKPILE. CURRENT US STOCKPILE OF COPPER AND COPPER ALLOYS IS OFFICIALLY 258,700 SHORT TONS.

2. ADMINISTRATION OMNIBUS DISPOSAL BILL (H.R. 7153) PROVIDES FOR RELEASE OF 258,700 ST OF COPPER AND COPPER ALLOYS. PASTORE BILL (S. 2316) PROVIDES FOR RELEASE OF 251,600 ST OF COPPER (EXCLUDING 7,100 ST OF BERYLLIUM COPPER MASTER ALLOY). BOTH BILLS REQUIRE THAT GSA GIVE QUOTE DUE REGARD
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UNQUOTE TO PROTECTION OF US AGAINST AVOIDABLE LOSS AND OF

PRODUCERS, PROCESSORS AND CONSUMERS AGAINST AVOIDABLE MARKET DISRUPTIONS. OMNIBUS BILL IS STILL AWAITING INITIAL COMMITTEE CONSIDERATION. PASTORE BILL HAS CLEARED SENATE AND IS NOW BEFORE HOUSE COMMITTEE.

3. OF AMOUNT WHICH WOULD BE AUTHORIZED FOR DISPOSAL, GSA HAS INDICATED IT WILL TRANSFER 80,000 ST TO US MINT. US MINT IS PRESENTLY EXPLORING POSSIBILITY OF EXCHANGING COPPER CATHODES WHICH IT RECEIVES FROM GSA FOR ELECTROLYTIC WIRE-BARS FROM DOMESTIC PRODUCERS.

4. RATE AT WHICH GSA WOULD RELEASE REMAINING DISPOSAL AMOUNT IS UNCERTAIN. GSA HAS INDICATED IT COULD SELL COPPER AT RATE AS HIGH AS 50,000 ST PER MONTH. GSA RELEASES MAY TAKE PLACE AT MUCH SLOWER RATE DEPENDING ON DISPOSAL QUANTITIES AUTHORIZED AND FIRMNESS OF COPPER MARKET.

5. DISPOSAL BILLS DO NOT REQUIRE COPPER TO BE USED DOMESTICALLY. HOWEVER, EXPORT CONTROL BILL (H.R. 10733) WAS INTRODUCED OCT 3 AND IS STILL IN HOUSE COMMITTEE. IT PROVIDES FOR EXPORT CONTROLS ON COPPER AND COPPER SCRAP DURING ANY YEAR IN WHICH STOCKPILE SALES ARE MADE, AND DURING ANY PERIOD OF PRICE CONTROLS WHEN WORLD PRICE SIGNIFICANTLY EXCEEDS DOMESTIC PRICE.

6. GSA INTENDS TO SELL STOCKPILE COPPER BY SEALED BID FOR DOMESTIC CONSUMPTION ONLY, IRRESPECTIVE OF WHETHER THERE IS SPECIFIC LANGUAGE IN AUTHORIZING LEGISLATION DIRECTING IT TO DO SO.

7. SHOULD FINAL LEGISLATION BE APPROVED BY CONGRESS AND SHOULD GSA PROPOSE SALE OF COPPER ON OPEN MARKET, DEPARTMENT WILL INITIATE DISPOSAL CONSULTATIONS WITH MAJOR PRODUCER COUNTRIES. KISSINGER

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